

MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



United States

- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** showed growth of 2.4% in the second quarter of 2003, compared with 1.4% growth in the two previous quarters. All of the increase in growth reflected federal spending, particularly military spending. The improvement in consumption spending was offset by reductions in inventory investment and net exports. While government spending contributed only 0.08 percentage points to growth in the first quarter, it added 1.4 percentage points in the second quarter.
- **Housing starts** increased 3.7% between May and June and were 5.5% above the level one year ago. Declines in starts of single-unit dwellings in the Midwest and Northeast were more than offset by increases in the South and West.
- The **unemployment rate** fell from 6.4% in June to 6.2% in July. However, the unemployment rate fell because individuals left the labor force faster than the number of jobs declined. While the number of unemployed persons was down 296,000 in July compared with June, the number employed was down 260,000 and the number in the labor force was 556,000 lower.
- Total **motor vehicle sales** remained fairly flat in June, compared with both May sales and the level one year ago. Automobile sales were up 4.1% from May, but were 5.1% below the June 2002 level, while light truck sales increased only 0.1% from May, but were 5.4% above the year-ago level. The fastest growing segment in June was imported light truck sales, which increased 7.0% between May and June and were 18.2% above the year-ago level.



Michigan

- **Michigan's unemployment rate** increased to 7.2% in June, up from 6.8% in May and higher than the 6.3% rate in June 2002. June's unemployment rate is the highest rate since June 1993. The unemployment rate rose because the labor force increased by 12,000 people between May and June and the number of people employed fell by 10,000. Compared with the year-ago level, 65,000 more people were employed in June and 54,000 more people were unemployed.
- **Michigan average weekly earnings** continued to increase in most sectors in June, despite average weekly hours' remaining flat or declining from year-ago levels. Even in sectors where average weekly earnings were lower, average weekly hours fell at a faster rate, suggesting that most employed workers are still receiving higher hourly wages. Notable exceptions included the personal/laundry services and natural resources, mining and construction sectors.
- **Michigan personal income** rose 0.7% between the fourth quarter of 2002 and the first quarter of 2003, which ranked 42nd among the 50 states. On average, personal income increased 0.9% nationally. Among Great Lakes states, Ohio grew at the same rate as Michigan while personal income increased by 1.0% or more in Illinois, Indiana, and Wisconsin. Higher transfer payments kept Michigan from ranking lower. Michigan transfer payments rose 3.2%, compared with a 1.6% increase nationally, while net earnings (primarily income related to wages) increased only 0.4%, compared with an average 1.1% increase nationally.



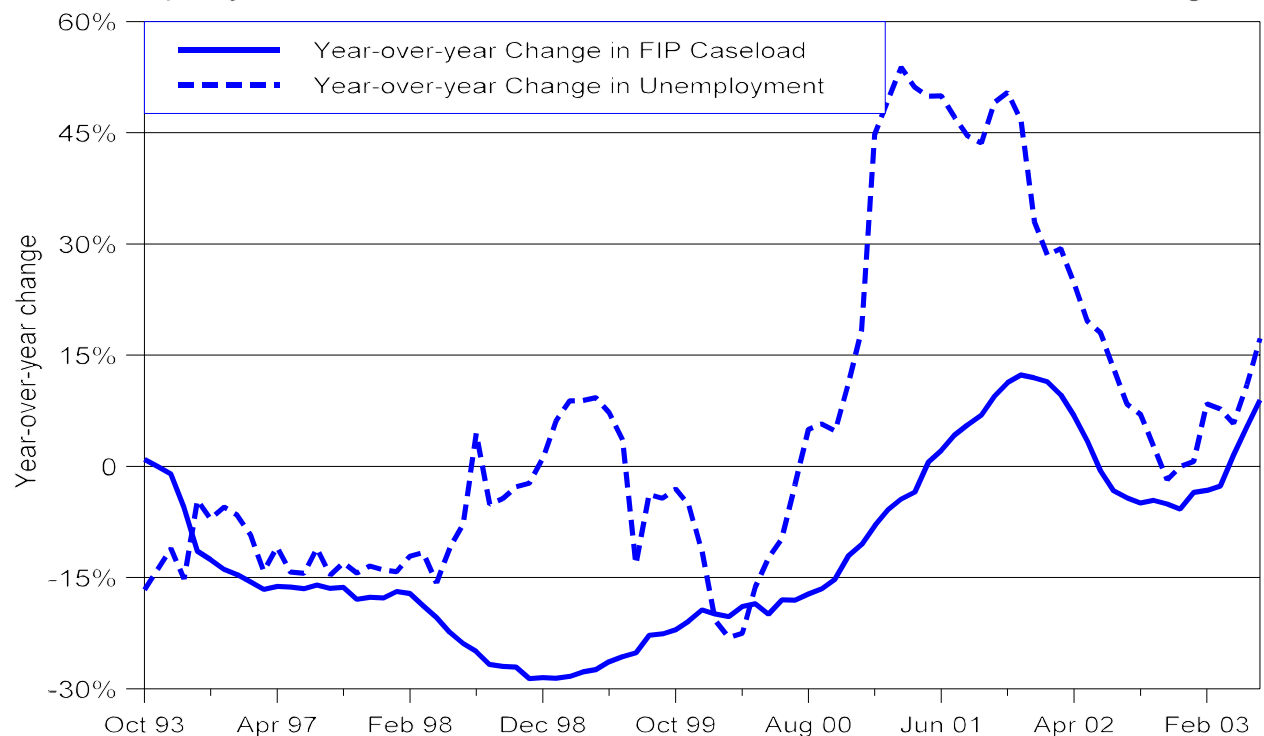
JUNE 2003

Prepared by:
David Zin
Economist

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	July 2003	June 2003	July 2002	Change From June		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	146,540	147,096	144,786	(556)	(0.4)%	1,754	1.2%
Employment	137,478	137,738	136,343	(260)	(0.2)	1,135	0.8
Unemployment	9,062	9,358	8,443	(296)	(3.2)	619	7.3
Unemployment Rate	6.2%	6.4%	5.8%	—	—	—	—
Michigan	June 2003	May 2002	June 2002	Change From May		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,126	5,113	5,006	12	0.2%	120	2.4%
Employment	4,757	4,767	4,692	(10)	(0.2)	65	1.4
Unemployment	368	346	314	22	6.4	54	17.2
Unemployment Rate	7.2%	6.8%	6.3%	—	—	—	—

Source: Bureau of Labor Statistics, U.S. Department of Labor

Unemployment Rates and Welfare Caseloads in Michigan



Source: Michigan Family Independence Agency, U.S. Department of Labor

**MICHIGAN WAGE AND SALARY EMPLOYMENT
(Seasonally Adjusted, Thousands)**

	June 2003*	May 2002	June 2002	Change from May		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,445	4,455	4,480	(11)	(0)%	(35)	(1)%
Goods Producing Industries	948	945	970	3	0	(21)	(2)
Natural Resources & Mining	7	8	9	(1)	(10)	(2)	(18)
Construction	203	198	200	5	3	3	1
Manufacturing	738	739	761	(1)	(0)	(23)	(3)
Transportation Equipment	283	284	293	(1)	(0)	(10)	(3)
Service Producing Industries	3,496	3,510	3,510	(14)	(0)	(14)	(0)
Trade, Transportation & Utilities	834	835	838	(1)	(0)	(4)	(0)
Information	75	76	75	(1)	(1)	(0)	(0)
Financial Activities	223	221	214	2	1	9	4
Professional & Business Services	576	583	595	(7)	(1)	(20)	(3)
Education & Health Services	542	544	533	(2)	(0)	9	2
Leisure & Hospitality Services	393	388	397	5	1	(5)	(1)
Other Services	180	177	175	2	1	5	3
Government	675	687	683	(13)	(2)	(8)	(1)

Source: Bureau of Labor Statistics, U.S. Department of Labor

* Preliminary

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS
(Not Adjusted For Seasonal Variations)**

Industry	Average Weekly Hours			Average Weekly Earnings		
	June 2002	Year Ago	Percent Change	June 2003	Year Ago	Percent Change
Natural Resources, Mining & Construction	38.6	41.3	(6.5)%	824.11	893.73	(7.8)%
Manufacturing	41.8	42.9	(2.6)	885.74	876.45	1.1
Durable Goods	42.7	43.7	(2.3)	966.73	953.10	1.4
Motor Vehicle Manufacturing	43.0	44.0	(2.3)	1,305.91	1,254.44	4.1
Motor Vehicle Parts Manufacturing	44.7	45.3	(1.3)	1,154.15	1,146.09	0.7
Nondurable Goods	38.1	39.6	(3.8)	549.78	554.40	(0.8)
Wholesale Trade	36.9	39.0	(5.4)	677.12	716.04	(5.4)
Retail Trade	29.8	29.6	0.7	332.87	326.78	1.9
General Merchandise Stores	26.4	25.9	1.9	237.60	226.63	4.8
Grocery Stores	29.2	29.0	0.7	295.21	289.13	2.1
Information	31.6	32.7	(3.4)	509.71	497.04	2.5
Financial Activities	36.6	36.8	(0.5)	578.28	546.85	5.7
Professional & Business Services	35.1	35.5	(1.1)	580.55	565.52	2.7
Health Care & Social Assistance	33.8	32.4	4.3	544.18	515.48	5.6
Leisure & Hospitality	23.7	23.7	0.0	193.39	187.23	3.3
Auto. Repair & Maintenance	37.0	37.8	(2.1)	555.74	564.73	(1.6)
Personal & Laundry Services	27.3	27.0	1.1	359.54	395.82	(9.2)

Source: U.S. Department of Labor, Bureau of Labor Statistics

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

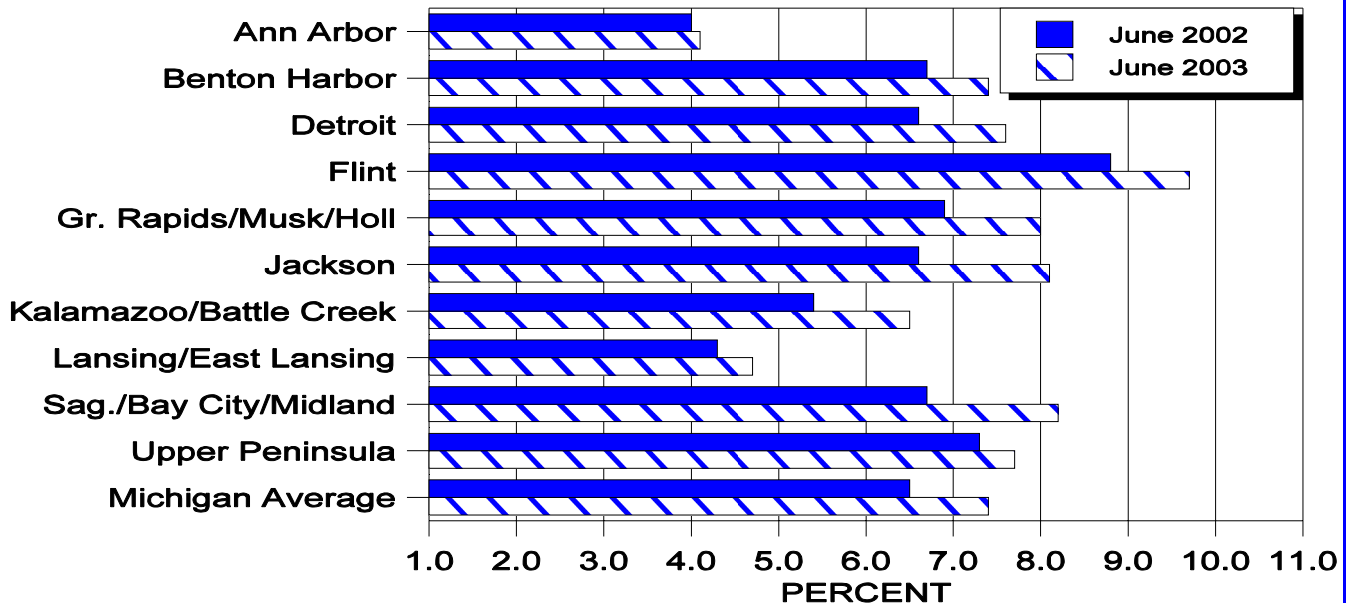
	June 2003	May 2003	Apr. 2003	June 2002
Metropolitan Statistical Areas				
Ann Arbor	4.1%	3.6%	3.7%	4.0%
Benton Harbor	7.4	6.3	5.8	6.7
Detroit	7.6	6.6	6.4	6.6
Flint	9.7	8.8	8.4	8.8
Grand Rapids	8.0	6.9	7.3	6.9
Jackson	8.1	7.1	7.1	6.6
Kalamazoo-Battle Creek	6.5	5.6	5.3	5.4
Lansing-East Lansing	4.7	4.1	4.0	4.3
Saginaw-Bay City-Midland	8.2	7.2	7.2	6.7
Multi-County Areas				
Northeast Lower Michigan	8.7	8.1	10.5	8.0
Northwest Lower Michigan	7.1	6.8	7.9	6.4
Upper Peninsula	7.7	6.9	8.0	7.3
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	6.4	6.5	7.4	5.9

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

Michigan Regional Unemployment Rates

June 2002 and June 2003



Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

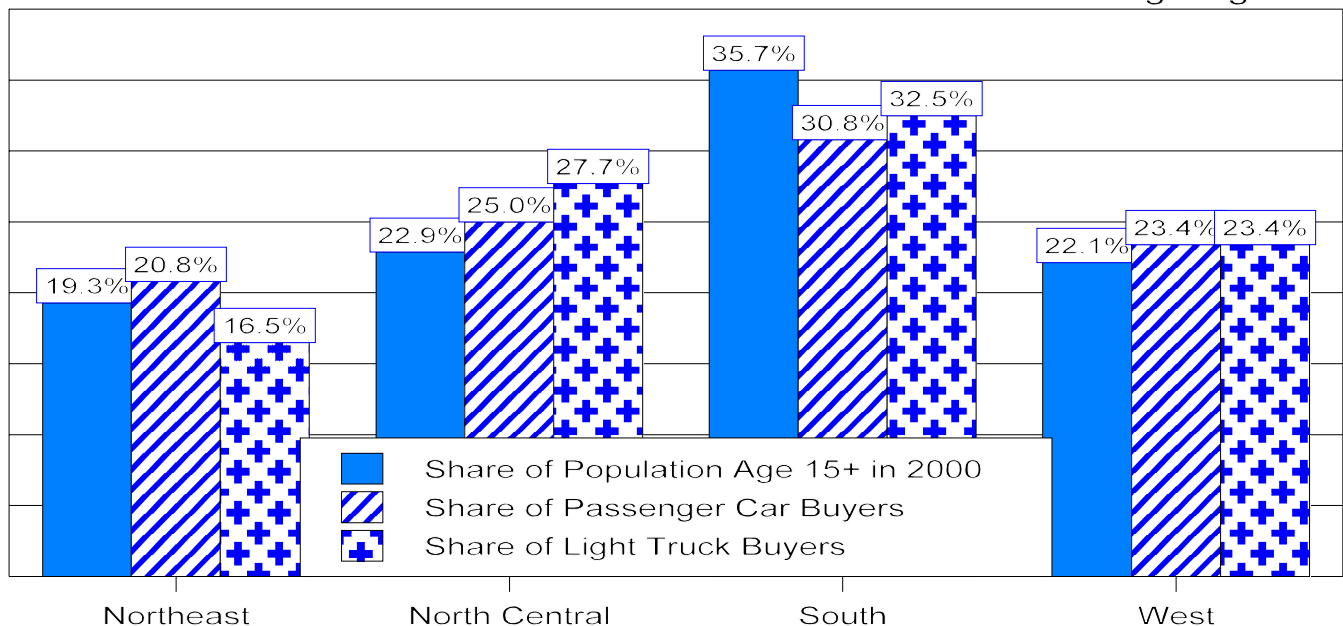
	June 2003	May 2003	Apr. 2003	Mar. 2003	Year Ago June	Percent Change From:	
						June/May	June 2003/ June 2002
Motor Vehicle Sales^{1,2)}							
Autos	7,559	7,262	7,518	7,735	7,969	4.1%	(5.1)%
Domestics	5,521	5,270	5,428	5,534	5,742	4.8	(3.8)
Imports	2,038	1,992	2,090	2,201	2,227	2.3	(8.5)
Import Share	27.0%	27.4%	27.8%	28.5%	27.9%	—	—
Light Trucks	8,752	8,743	8,838	8,334	8,306	0.1	5.4
Domestics	7,466	7,541	7,571	7,008	7,218	(1.0)	3.4
Imports	1,286	1,202	1,267	1,326	1,088	7.0	18.2
Import Share	14.7%	13.7%	14.3%	15.9%	13.1%	—	—
Heavy Trucks	389	390	382	363	375	(0.3)	3.7
Total	16,700	16,395	16,738	16,432	16,650	1.9	0.3
U.S. Motor Vehicle Production^{1,2)}							
Autos	4,413	4,192	4,150	4,340	5,128	5.3	(13.9)
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,431	1,592	1,592	1,442	1,687	(10.1)	(15.2)
Trucks	1,295	1,132	1,095	1,063	1,072	14.4	20.7
Total	2,725	2,724	2,687	2,505	2,760	0.1	(1.2)
Michigan Production as % of U.S.	24.4%	23.6%	21.7%	23.3%	24.0%	—	—
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,719	1,706	1,725	1,772	1,606	0.8	7.1
Days Supply	58	62	68	64	51	(6.5)	13.7
Total Truck	2,239	2,250	2,241	2,253	1,818	(0.5)	23.2
Days Supply	70	73	79	79	60	(4.1)	16.7

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates.

3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Geographic Distribution of New Vehicle Buyers

2002 Model Year Purchasers More Concentrated in Car-Making Region



Source: J.D. Power and Associates

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	June	123.0	122.3	121.8	0.6%	1.0%
Coincident Index ¹⁾ (1992=100)	June	136.7	136.8	136.2	(0.1)	0.4
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	June	1,803	1,738	1,709	3.7	5.5
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	June	\$279.3	\$281.0	\$279.3	0.6	4.1
Industrial Production Index ³⁾ (1992=100) (seasonally adjusted)	June	109.7	109.6	110.8	0.1	(1.0)
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	June	74.3	74.3	75.9	0.0	(2.1)
Consumer Price Index ⁴⁾ (1982-84=100) U.S. (seasonally adjusted)	June	183.6	183.3	179.8	2.0	2.1
Detroit (not seasonally adjusted)	June	182.8	182.2	179.0	2.0	2.1
Interest Rates						
3-month Treasury Bill ³⁾	June	0.95%	1.08%	1.71%	—	—
Corporate Aaa Bonds ³⁾	June	4.97%	6.63%	6.75%	—	—
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2003 2 nd Qtr.	\$9,608.1	\$9,552.0	\$9,392.4	2.4	2.3
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	June 2003	\$1,553.3	\$1,186.5	\$1,440.6	NM	7.8

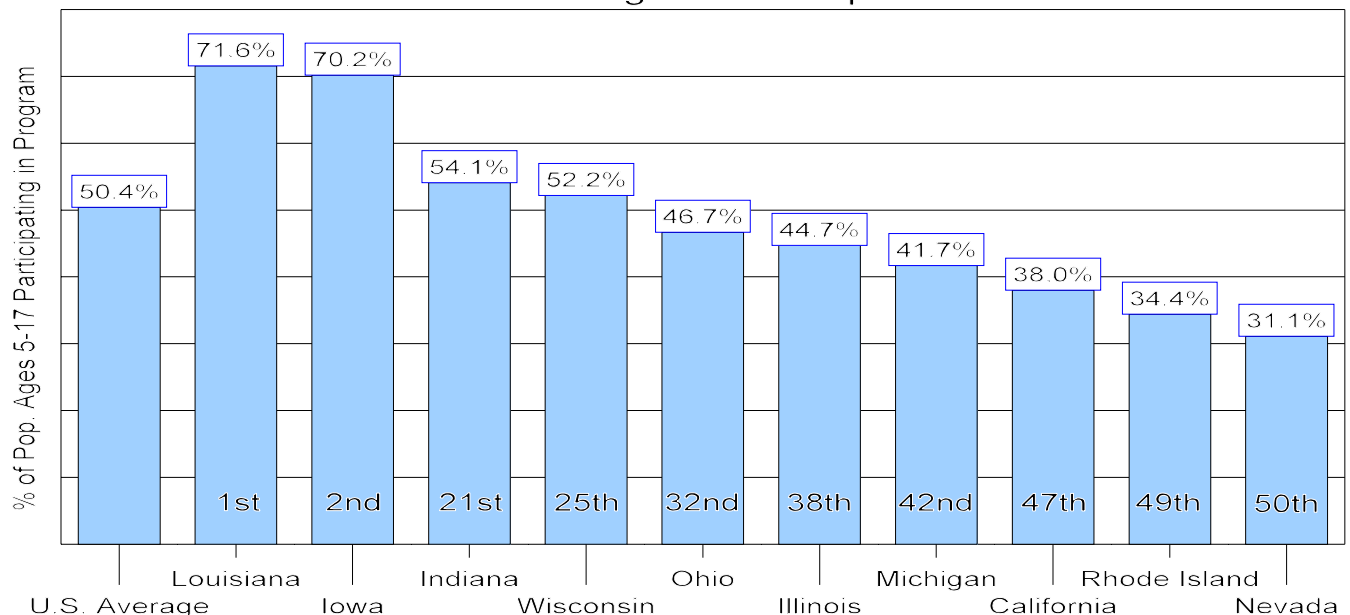
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

Michigan Lags in Federal School Lunch Program Participation
FY 2000 Program Participation



Source: U.S. Dept. Of Agriculture, U.S. Dept. Of Census